

**PGA EUROPEAN TOUR
PROPERTIES LIMITED**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 1999



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Company no 2257246

PGA EUROPEAN TOUR PROPERTIES LIMITED

FINANCIAL STATEMENTS

For the year ended 31 December 1999

Company registration number: 2257246

Registered office: Wentworth Drive
Virginia Water
Surrey
GU25 4LX

Directors: N C Coles MBE
A Gallardo
B Gallacher OBE
R G Hills
T A Horton MBE
M G King
J E O'Leary
G C O'Grady
K D Schofield CBE
P M P Townsend

Secretary: M Bray

Bankers: Barclays Bank plc
George Street branch
28 George Street
Luton
LU1 2AE

Solicitors: Harbottle and Lewis
Hanover House
14 Hanover Square
London
W1R 0BE

Auditors: Grant Thornton
Registered auditors
Chartered accountants
London

PGA EUROPEAN TOUR PROPERTIES LIMITED

FINANCIAL STATEMENTS

For the year ended 31 December 1999

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PGA EUROPEAN TOUR PROPERTIES LIMITED

REPORT OF THE DIRECTORS

The directors present their report together with financial statements for the year ended 31 December 1999.

Principal activities

The company is principally engaged in investing in, designing and managing golf courses, club houses and associated facilities.

Business review

There was a profit for the year after taxation amounting to £51,235 (1998: £3,201). The directors do not recommend payment of a dividend and the profit has therefore been transferred to reserves.

The directors anticipate that the results for the coming year, subject to the non-recurrence of the exceptional profit realised, will be at a similar level to those achieved in 1999.

Cancellation of debentures

During the year PGA European Tour Limited, the parent undertaking, cancelled debentures owed by PGA European Tour Properties Limited. This profit has been treated as an exceptional item in the profit and loss account.

Directors

The present membership of the Board is set out below. All directors served throughout the year.

N C Coles MBE
A Gallardo
B Gallacher OBE
R G Hills
T A Horton MBE
M G King
J E O'Leary
G C O'Grady
K D Schofield CBE
P M P Townsend

None of the directors or their families had any interest in the shares of the company during the year.

Year 2000 compliance

The company reviewed its computer systems for the impact of the Year 2000 date change, prepared an action plan to address the issue and carried out all necessary measures. All systems have continued to operate properly over the year 2000 date change and through any roll-over procedures that occurred at a later date.

The issue is complex, and no business can guarantee that there will be no Year 2000 problems. As all businesses are dependent on the compliance of their major customers, suppliers and other trading partners, any impact that has occurred on their systems will affect the company's business to a greater or lesser extent.

PGA EUROPEAN TOUR PROPERTIES LIMITED

REPORT OF THE DIRECTORS

Directors' responsibilities for the financial statements

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

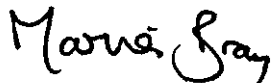
- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for maintaining proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

Grant Thornton offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD



M Bray
Secretary

11 April 2000

**REPORT OF THE AUDITORS TO THE MEMBERS OF
PGA EUROPEAN TOUR PROPERTIES LIMITED**

We have audited the financial statements on pages 4 to 10 which have been prepared under the accounting policies set out on page 4.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS**

11 April 2000

PGA EUROPEAN TOUR PROPERTIES LIMITED

PRINCIPAL ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards under the historical cost convention. The principal accounting policies of the company have remained unchanged from the previous year and are set out below.

TURNOVER

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts.

INCOME FROM INVESTMENTS

Investment income comprises dividends declared on listed investments during the accounting period and interest receivable.

INVESTMENTS

Investments are included at cost.

DEFERRED TAXATION

Deferred tax is provided for using the tax rates estimated to arise when the timing differences reverse and is accounted for to the extent that it is probable that a liability or asset will crystallise. Unprovided deferred tax is disclosed as a contingent liability.

PGA EUROPEAN TOUR PROPERTIES LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 1999

	Note	1999 £	1998 £
Turnover	1	55,000	55,000
Gross profit		55,000	55,000
Administrative expenses		(52,765)	(51,799)
Operating profit		2,235	3,201
Exceptional items			
Profit on cancellation of debentures	3	49,000	-
Profit on ordinary activities before taxation	1	51,235	3,201
Tax on profit on ordinary activities	4	-	-
Profit for the financial year transferred to reserves	11	51,235	3,201

There were no recognised gains or losses other than the profit for the financial year.

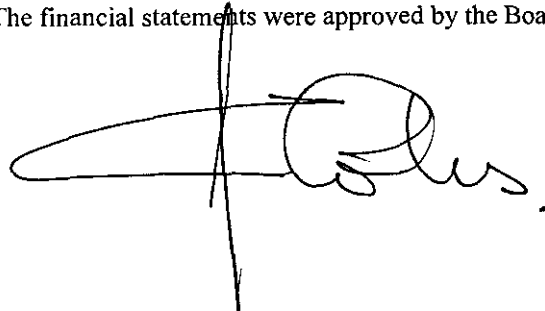
The accompanying accounting policies and notes form an integral part of these financial statements.

PGA EUROPEAN TOUR PROPERTIES LIMITED

BALANCE SHEET AT 31 DECEMBER 1999

	Note	1999 £	1999 £	1998 £	1998 £
Fixed assets					
Investments	5		8,409,400		8,409,400
Current assets					
Debtors	6	-		2,702	
Cash at bank and in hand		223		529	
		<u>223</u>		<u>3,231</u>	
Creditors: amounts falling due within one year	7	(2,157,906)		(2,163,149)	
Net current liabilities			(2,157,683)		(2,159,918)
Total assets less current liabilities			<u>6,251,717</u>		<u>6,249,482</u>
Creditors: amounts falling due after more than one year	8		-		(49,000)
			<u>6,251,717</u>		<u>6,200,482</u>
Capital and reserves					
Called up share capital	10		1,000		1,000
Profit and loss account	11		6,250,717		6,199,482
Shareholders' funds	12		<u>6,251,717</u>		<u>6,200,482</u>

The financial statements were approved by the Board of Directors on 11 April 2000



Director

The accompanying accounting policies and notes form an integral part of these financial statements.

PGA EUROPEAN TOUR PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 1999

1 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit on ordinary activities is stated after:	1999 £	1998 £
Auditors' remuneration	2,075	1,500

2 DIRECTORS AND EMPLOYEES

No staff were directly employed by the company during the year, with the exception of the directors. Remuneration in respect of the directors was as follows:	1999 £	1998 £
Payments to third parties for directors services	50,000	50,264

3 EXCEPTIONAL ITEM

The exceptional item relates to the write back of debentures owned by PGA European Tour Limited that have been cancelled by that entity.

4 TAX ON PROFIT ON ORDINARY ACTIVITIES

There is no tax charge for the year due to the availability of losses.

Unrelieved tax losses of £104,614 (1998: £106,000) remain available to offset against future taxable trading profits.

5 FIXED ASSETS INVESTMENTS

Cost	Listed investments £
At 31 January 1999 and at 31 December 1999	8,409,400

	Country of incorporation	Class of share capital held	Proportion held	Nature of business	Aggregate of capital and reserves £	Profit for the financial year £
PGA European Tour Courses plc	England and Wales	Ordinary	18.9%	Investment in golf courses	23,686,000	2,000,000

PGA EUROPEAN TOUR PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 1999

6 DEBTORS

	1999 £	1998 £
Other debtors	-	2,187
Loans to directors	-	515
	-	2,702

7 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1999 £	1998 £
Amounts owed to group undertakings	1,685,995	1,692,523
Amounts owed to undertakings in which the company has a participating interest	470,126	470,126
Other creditors	10	-
Accruals and deferred income	1,775	500
	2,157,906	2,163,149

8 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1999 £	1998 £
12 % Debenture 1998/2002	-	49,000

Borrowings are repayable as follows:

	1999 £	1998 £
After two and within five years		
Debenture loan	-	49,000

These debentures were cancelled in the year (see note 3).

PGA EUROPEAN TOUR PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 1999

9 DEFERRED TAXATION

Deferred taxation not provided for in the financial statements is set out below. The amount unprovided represents a contingent liability at the balance sheet date and is calculated using a tax rate of 30% (1997: 31%).

	Amount unprovided	
	1999	1998
	£	£
Other timing differences	-	857,000

No provision has been made for taxation which would accrue if the investment in PGA European Tour Courses plc was disposed of at its market value. The directors do not intend to dispose of the company's holding in the foreseeable future.

10 SHARE CAPITAL

	1999	1998
	£	£
Authorised 1,000,000 ordinary shares of £1 each	1,000,000	1,000,000
Allotted, called up and fully paid 1,000 ordinary shares of £1 each	1,000	1,000

11 RESERVES

	Profit and loss account £
At 1 January 1999	6,199,482
Retained profit for the year	51,235
At 31 December 1999	6,250,717

12 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1999	1998
	£	£
Profit for the financial year and net increase in shareholders' funds	51,235	3,201
Shareholders' funds at 1 January 1999	6,200,482	6,197,281
Shareholders' funds at 31 December 1999	6,251,717	6,200,482

PGA EUROPEAN TOUR PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 1999

13 CAPITAL COMMITMENTS

The company had no capital commitments at 31 December 1999 or 31 December 1998.

14 CONTINGENT LIABILITIES

The company has guaranteed the bank facilities of its ultimate parent undertaking by a fixed and floating charge over the assets of the company.

There were no other contingent liabilities at 31 December 1999 or 31 December 1998, except in respect of deferred taxation (see note 9).

15 ULTIMATE PARENT UNDERTAKING

The directors consider that the ultimate parent undertaking and controlling related party of this company is its parent company PGA European Tour, incorporated in Great Britain.

The largest and smallest group of undertakings for which group accounts have been drawn up is that headed by PGA European Tour which is registered in England and Wales.

The company is exempt from disclosing related party transactions with PGA European Tour Limited, the parent undertaking, as it is a 100% subsidiary.